

## Japan's comments on the first draft of Strategic Plan for the Green Climate Fund 2024-2027

We welcome the first draft of the Strategic Plan for the Green Climate Fund 2024-2027 which includes the mid-term goals, concretely indicating the direction for which the GCF will aim during the second replenishment period and beyond. We appreciate the new draft is more concise than the zero-draft. While we support the overall direction of the long-term vision and the mid-term goals, we would like to make some comments on its details.

### Mid-term Goals and strategic programming goals

- The need for activities for mitigation should be more emphasized in the strategic programming objectives. Although we recognize the importance of strengthening climate investment capacities for developing countries to implement NDCs, their efforts for updating their NDCs to keep the 1.5-degree limit should also be supported, considering the fact that many developing countries are to update their NDCs in 2025 during the GCF-2 period.
- In addition, forestry and agriculture should be highlighted explicitly as priority sectors. Since emissions from forestry and agriculture account for 23% of global emissions, these sectors are critical to achieve net-zero emissions by 2050.
- Strengthening country climate investment capacity (Objective 1): Efforts to develop DAE's capacity and system to deliver quality projects should not be overlooked by putting too much emphasis on doubling the number of DAEs. While prioritizing accreditation of DAEs from developing countries that do not yet have DAEs, it is important to strengthen the capacity of existing DAEs and increase the number of high-quality projects by those DAEs. (para12)
- Greening financial systems (Objective 5): It should be noted that, in addition to the methodologies mentioned in paragraph 23 including green taxonomy, there are various other approaches to promote green financial systems, such as the entity-based approach. (para 23)

### Operational goals and institutional priorities

- Speed: There might be a risk that setting a programming target at a rate of deploying over 90% of available commitment authority could result in a situation where projects will be developed mainly by some IAEs with capability to develop funding proposals faster. (para 24 (a)(i))
- Increasing the implementation rate (over 90% as mentioned in the draft) is important, but it is questionable to count projects with no progress since the entry into force of FAAs

as being implemented. Projects with no progress for several years should be subject to “cancel” or “restructure”. (para24 (a)(ii))

- Welcome the shortening of the median times from project review to first disbursement, but quality of the project should not be sacrificed by focusing solely on speed. In addition, AEs should not be overburdened with over-emphasis on speed. In this context, communication between the secretariat and AEs should be ameliorated so that the voices of AEs can be listened to. (para 24(a)(iii))
- Harmonization: Appreciate the clarification on “pursue opportunities to develop more consistent definitions, standards, taxonomies and approaches to key methodological issues in climate finance”. (para 24(c)(iii))
- Organizational capacity: Feasibility studies should be carried out as decided by the Board to clarify pros and cons of establishing regional presence. (para 25(d)(iii))
- In relation to comprehensive outreach strategy, dissemination of the projects results should be strengthened. GCF’s track record of implementation is important in reporting to donors, and useful as a reference for other AEs and developing countries. (para 25(d)(vi))

#### Annex I

- The Annex I presents the number and cost of the projects expected to be implemented under each medium-term goal and three scenarios, which are helpful for contributors. On the other hand, the scale of the replenishment should be realistic and sustainable, taking into account the past performance of GCF and the secretariat's capability. The Annex I indicates that having at least USD 15 billion would be a pre-condition to achieve the mid-term targets by 2027. However, it should be considered whether this is a realistic scale and whether the Secretariat has capability to implement it. If mobilization of USD 15 billion does not seem feasible, we should think about down-sizing the mid-term targets by 2027 by prioritizing proposed project areas and regions.
- Just ecosystem transition: It should be clearly stated that conservation of forests, especially tropical forests, is an important concrete action in terrestrial ecosystem conservation. Relatedly, REDD+ result-based payments should continue as an effective tool for reducing deforestation.